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FOR IMMEDIATE RELEASE:

DFI RELEASES CD-ROM

Predatory Lending Campaign Promotes DFI's Guide To Home Loans

OLYMPIA, WA – Washington consumers now have a new tool to help guide them through the home loan process. The Washington State Department of Financial Institutions (DFI) announced today that an interactive CD-ROM entitled, "DFI's Guide to Home Loans," is now available.

"Consumers need to understand what they are getting into before signing their name on the dotted line," said Scott Kinney, Director of Communications. "The CD answers many of the common questions that come up during the home loan process. The information will be helpful to consumers who are buying a new home, refinancing, or considering a second mortgage."

The CD covers topics such as: the basic steps to securing a home loan; an explanation of disclosure documents; tips on avoiding predatory loans; reverse mortgages; and a glossary of common mortgage terms. Consumers will also find checklists and samples of various forms, in addition to mortgage calculators and web links to several helpful resources.

DFI enhanced its outreach efforts after conducting a study to measure the financial literacy of Washington consumers and how best to reach them with financial education. The research indicated that consumers seek web-based educational materials from an objective or neutral resource. In response, the Department launched a new website and worked to develop the CD-ROM – one of the first projects of its kind to be created by a state financial regulator. Much of the funding for the outreach program was made possible through DFI's settlement of a large predatory lending case in 2002.

The Department produced the CD, in combination with a radio, television, and bus panel campaign, to raise consumer awareness of predatory lending in the mortgage industry. The media campaign, which began last week, has generated hundreds of requests for the CD.

Consumers can order "DFI's Guide to Home Loans" by calling, 1.877.RING.DFI, or by visiting DFI's website (www.dfi.wa.gov).

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Predatory Lending Campaign

DFI's statewide media campaign encourages consumers to borrow wisely – by not signing documents that they don't understand, being suspicious of high fees or penalties, and taking their time to not be pressured into quickly finalizing a home loan. The television and radio PSAs feature Seattle jazz legend Ernestine Anderson, and Jeanie Luna, a predatory lending victim. Both volunteered their services to assist DFI's effort.

What is predatory lending?

Lending and mortgage origination practices become "predatory" when the borrower is led into a transaction that is not what they expected. It can best be described as mortgage fraud practiced against consumers. The practices often take on the form of deception or misrepresentations concerning loan products, loan amounts, interest rates, loan costs, monthly payment plans, and prepayment penalties.

For more information about predatory lending, visit DFI's website (www.dfi.wa.gov).

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